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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, July 13, 1998

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

CASE NO. PUE980334

SANVILLE UTILITIES CORP.,

Defendant

RULE TO SHOW CAUSE

On July 8, 1998, the Commission Staff, by its counsel, filed a motion in the above referenced matter. In that motion, Staff requested that the Commission, pursuant to its authority under §§ 56-35 and 56-265.6 of the Code of Virginia ("Code"), issue a rule to show cause, if any there may be, why Sanville Utilities Corp. ("Sanville" or "the Company") should not be found in violation of § 56-265.13:4 of the Code and should not have its sewer Certificate No. S-72 revoked, altered, or amended unless the Company agrees: (i) to replace the entire section of sewer pipe along Saddle Ridge Road; (ii) to conduct a thorough study of the entire sewer system to determine what other portions of the system should be repaired and/or replaced; and (iii) to provide a voice mail or similar telephone answering

service to ensure receipt of and response to inquiries from customers and regulators.

Specifically, Staff alleges:

(1) That Sanville is a certificated public service corporation providing sewer service to approximately 178 customers in Henry County, Virginia;

(2) That Sanville is subject to the Small Water or Sewer Public Utility Act ("SWSA");

(3) That the majority of Sanville's sewage collection system was installed in the 1970s and constructed of terra cotta material, which over time has fallen into disrepair because of vandalism<sup>1</sup>, line breaks, tree roots, groundwater inflow, and heavy grease deposits;

(4) That Sanville's customers have experienced numerous sewage overflows into their homes and yards which have been left uncorrected for days or weeks at a time;

(5) That these sewage overflows have threatened the health of Sanville's customers and inconvenienced their daily lives by covering their water meters, keeping them from mowing lawns, and by subjecting them to malodorous conditions and an increase in the population of flies;

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<sup>1</sup> These acts of vandalism include the filling of manholes with sticks, cans, and other items, creating line blockages.

(6) That Sanville's customers and Virginia regulators report having difficulty in reaching the current system operator, Mr. Richard Anthony, because no one at the company office answers the telephone and because there is no answering machine or other message service;

(7) That the Sanville sewage plant also threatens the public health because raw sewage is discharged into Blackberry Creek during flood events, adversely affecting Virginia residents downstream;

(8) That Sanville has failed to comply with Virginia Department of Health Sewage Handling and Disposal Regulations by allowing untreated or partially treated sewage system effluent to leak onto the ground;

(9) That Sanville has failed to comply with Virginia Department of Environmental Quality Regulations on more than 995 occasions over the past six years;

(10) That the condition of the Sanville sewer system and its effects on both customers and other members of the public represent a serious and continuous failure to provide "reasonably adequate services and facilities" in violation of § 56-265.13:4 of the Code; and

(11) That Sanville's failure to comply with all of the above referenced Virginia Department of Health and Virginia Department of Environmental Quality regulations constitutes

failure to provide "reasonably adequate services and facilities" in violation of § 56-265.13:4 of the Code.

NOW the Commission, having considered the above referenced allegations, is of the opinion that a Rule to Show Cause should be issued against the Company. Accordingly,

IT IS ORDERED:

(1) That a Rule to Show Cause hereby is issued against Sanville to appear in the Commission's Second Floor Courtroom at 11:00 a.m. on Wednesday, September 16, 1998, to show cause, if any there may be, (1) why the Company should not be found in violation of § 56-265.13:4 of the Code; and (2) why the Company should not have its sewer Certificate No. S-72 revoked, altered, or amended unless the Company agrees:(i) to replace the entire section of sewer pipe along Saddle Ridge Road; (ii) to conduct a thorough study of the entire sewer system to determine what other portions of the system should be repaired and/or replaced; and (iii) to provide a voice mail or similar telephone answering service to ensure receipt of and response to inquiries from customers and regulators. The Commission's Second Floor Courtroom is located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219;

(2) That Sanville file with the Clerk of the Commission, on or before August 17, 1998, an original and fifteen (15) copies of a Responsive Pleading in which it expressly admits or denies

the allegations contained in this Rule to Show Cause. If Sanville denies any of the allegations, it shall set forth in its Responsive Pleading a full and clear statement of the facts which it is prepared to prove by competent evidence that refute the allegations so denied. The Company shall expressly indicate in its Responsive Pleading whether or not it desires and intends to be heard before the Commission on the scheduled hearing date. The Responsive Pleading shall be delivered to the Clerk, State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218;

(3) That Sanville shall be in default if it fails to file in a timely manner either the Responsive Pleading, as set forth above, or other proper pleading, or if it files such a pleading and fails to make an appearance at the hearing. In either of these events it shall be deemed to have waived all objections to the admissibility of the evidence, and it may have entered against it a judgment by default imposing some or all of the aforementioned sanctions; and

(4) Pursuant to Rule 7:1 of the Commission's Rules of Practice and Procedure, a hearing examiner is appointed to conduct further proceedings in this matter.